

Contract Ban Questions and Answers

Does the Contract, Equipment Acquisition, and Travel Ban apply to interagency agreements?

Yes

Are local assistance subventions and grants included in the ban?

This will need to be evaluated on a case-by-case basis. Please consult with your Finance Budget Analyst for guidance. Generally, the ban will not apply to direct 24-hour care, education and public safety activities.

What is the threshold for determining equipment?

The threshold for equipment is items with a unit cost of \$5,000 or more and a life expectancy of one year or more.

Does the Contract, Equipment Acquisition, and Travel Ban prohibit training activities?

The Contract, Equipment Acquisition, and Travel Ban does not prohibit in-house training or training that requires only short distance transportation. All non-essential training that requires long distance transportation is prohibited.

Does the Contract, Equipment Acquisition, and Travel Ban apply to software license renewals?

Software license renewals fall under the exemption for Information technology contracts. Future instructions may be provided on how these contracts should be treated. For now, no exemption request is required for these contracts.

Does the Contract, Equipment Acquisition, and Travel Ban apply to utility contracts?

This will need to be evaluated on a case-by-case basis. Please consult with your Finance Budget Analyst for guidance.

Does the Contract, Equipment Acquisition, and Travel Ban apply to capital outlay?

The Contract, Equipment Acquisition, and Travel Ban does not apply to capital outlay expenditures funded out of a capital outlay appropriation.

Does the Contract, Equipment Acquisition, and Travel Ban apply to renewing contracts for next fiscal year?

Yes

The department has an interagency agreement that needs a time extension. Must the department wait until it receives an exemption for their special fund?

Yes

If we have a trip we consider essential, and the Agency concurs, must we prepare and submit a Request for Contract, Equipment Acquisition, and Travel Ban Exemption to the Department of Finance for approval?

No, but department directors and/or the Agency Secretary should be prepared to address and defend their determinations.

Does the provision of the budget letter that requires the canceling of all existing non-essential service contracts where the services have not yet been provided include maintenance contracts on copiers and printers and court reporting services?

The department and/or Agency Secretary should make this determination. Department directors and/or Agency Secretary should be prepared to address and defend their determinations.

Does the Contract, Equipment Acquisition, and Travel Ban apply to consultant contracts?

Yes

Who gets to decide what are non-essential general fund expenditures?

The department and/or Agency Secretary should make this determination. Department directors should be prepared to address and defend their determinations.

Does the Contract, Equipment Acquisition, and Travel Ban apply to the purchase of normal office supplies (i.e. envelopes, pencils, etc.)?

The Contract, Equipment Acquisition, and Travel Ban does not apply to office supply purchases unless such purchases would result in excess supplies or replacement of equipment before the end of its useful life.

Does the Contract, Equipment Acquisition, and Travel Ban apply to relocation costs for state employees?

Yes, but the department can seek an exemption if the expenditure is specifically required by statute.

Does the Contract, Equipment Acquisition, and Travel Ban apply to State Bar and professional association membership fees?

Yes, but the department can seek an exemption if the expenditure is specifically required by statute or ratified collective bargaining agreement.

Does the Contract, Equipment Acquisition, and Travel Ban apply to Westlaw or Lexis services?

The Contract, Equipment Acquisition, and Travel Ban does not apply to contracts for legal services or expert testimony in pending litigation. For the purpose of this ban, Westlaw or Lexis services are considered legal services and are exempt from the Contract, Equipment Acquisition, and Travel Ban.

Are special funded departments exempt from the Contract, Equipment Acquisition, and Travel Ban?

No, but the department can request a blanket exemption for special funds that are solvent, non-fungible with the General Fund, and there is no likelihood that the exemption will lead to a fee increase.

Are transportation maintenance and operations activities such as sand purchases for snow exempt from the Contract, Equipment Acquisition, and Travel Ban?

Transportation maintenance and operations activities are included in the Contract, Equipment Acquisition, and Travel Ban, but some activities, such as snow removal from the State's highways would be considered as a life safety activity, for which an exemption would be appropriate.

Does the language "will be considered for" in the first line under the Exemptions section mean that DOF will consider exemption requests solely for the five categories of exemptions set forth in this section?

Yes

Does the reference to contracts include purchase orders?

Yes

Does the reference to "required by statute" refer to the program for which the expenditure is being made, or to the expenditure itself?

The expenditure.

Does the exemption for activities specifically required by statute include federal statutes?

Yes

Does the Contract, Equipment Acquisition, and Travel Ban apply to contracts based on their effective date or their execution date?

Effective date.

Can a single DF-170 be submitted for all appropriate special funds and federal funds?

Yes

Can a request related to contracts, equipment and travel be submitted on the same DF-170?

Yes

The criteria for exemption appear to exclude essential purchases (other than life safety items) that may have a minor GF impact. For example, a purchase that has only a 10% GF impact or an overhead item that gets distributed (approx. 35% GF) would not be eligible for an exemption, regardless of the criticality of the purchase. Is this correct?

The activity must meet at least one of the specified exemptions criteria to be considered for an exemption, regardless of the amount of General Fund that would be expended.

Will contracts and purchases funded through reimbursements meet the exemption for activities that are not funded by the General Fund, as long as the fund is solvent, non-fungible with the General Fund, and there is no likelihood that the exemption will lead to a fee increase?

Yes, unless the reimbursements are paid from the General Fund.

Does the Contract, Equipment Acquisition, and Travel Ban apply to contracts and equipment purchases that have already been processed through the department and are at control agencies?

Yes

Does the Contract, Equipment Acquisition, and Travel Ban apply to rebate contracts?

No

Does the Contract, Equipment Acquisition, and Travel Ban apply to revenue producing contracts?

Yes, but the department can seek an exemption provided the General Fund revenue loss between now and June 30, 2004 resulting from canceling or denying the contract would be greater than the cost of the contract between now and June 30, 2004.

Does the Contract, Equipment Acquisition, and Travel Ban apply to reasonable accommodation equipment purchases?

These purchases are exempt if they are the result of a formal reasonable accommodation process.

Does the Contract, Equipment Acquisition, and Travel Ban apply to basic office equipment for new positions established in 2003-04?

Yes

The Executive Order directs departments to disencumber non-essential contracts or purchase agreements including publications. The Department's Office of Public Affairs has significantly reduced its list of newspaper subscriptions in favor of reviewing the newspaper's Web sites. We believe that the remaining newspaper subscriptions are essential because if we cancel them, we will miss important stories in major news publications. Are all state agency press offices expected to cancel all newspaper subscriptions?

The decision on which contracts are essential is left to the department and/or Agency Secretary.

Will activities that produce General Fund fees be exempt from the Contract, Equipment Acquisition, and Travel Ban?

No

How much information is necessary when completing the request for blanket exemption for non General Funds?

List the funds and indicate that they are solvent, non-fungible with the General Fund, and there is no likelihood that the exemption will lead to a fee increase. Your Finance Budget Analyst will request additional information if it is required.

Does the Contract, Equipment Acquisition, and Travel Ban apply to legal services & expert testimony contracts?

No, as stated in paragraph 2 of the Executive Order.

Does the Contract, Equipment Acquisition, and Travel Ban apply to rental of space?

Yes

Does the Contract, Equipment Acquisition, and Travel Ban apply to food and other commodities?

This will need to be evaluated on a case-by-case basis. Please consult with your Finance Budget Analyst for guidance. Generally, the ban will not apply to food for 24 hour care and public safety.

Does the Contract, Equipment Acquisition, and Travel Ban apply to pharmaceuticals?

This will need to be evaluated on a case-by-case basis. Please consult with your Finance Budget Analyst for guidance. Generally, the ban will not apply to pharmaceuticals for 24-hour care.

Who is responsible for determining the Request Number on the DF-170?

The department should centrally assign request numbers for tracking purposes.

Is there going to be some dollar threshold on exemption requests or are all new contracts subject to the ban exemption request process?

No dollar threshold is being established.

Does the Contract, Equipment Acquisition, and Travel Ban apply to purchases made with a Purchase Order or Cal Card?

The means of payment is immaterial to whether a purchase is subject to the Contract, Equipment Acquisition, and Travel Ban. Departments should evaluate all potential purchases to determine if the purchase is permissible.